

## Target Corporation (TGT)

**\$106.33** (Stock Price as of 01/08/2026)

Price Target (6-12 Months): **\$111.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 12/03/25)	
	Prior Recommendation: Underperform	
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>3-Hold</b>
	Zacks Style Scores:	VGM: C
	Value: B	Growth: D
		Momentum: D

### Summary

Target's strategic repositioning is creating a more resilient, multi-year earnings framework, supported by expanding digital capabilities, elevated store productivity, and a growing mix of high-margin, asset-light revenue streams. Investments in AI-driven merchandising, supply-chain optimization, and store modernization are strengthening Target's operating model and reinforcing its brand relevance. However, persistent softness in discretionary categories, ongoing markdown risk, and higher financing costs temper the pace of improvement. We expect comparable sales to fall 2.8% in fiscal 2025 before returning to 1.2% growth the following year. While operational initiatives should drive steadier margin progression over time, the near-term demand environment and elevated cost structure keep the trajectory more balanced than a breakout.

### Data Overview

52 Week High-Low	<b>\$145.08 - \$83.44</b>
20 Day Average Volume (sh)	<b>6,479,057</b>
Market Cap	<b>\$46.9 B</b>
YTD Price Change	<b>6.1%</b>
Beta	<b>1.12</b>
Dividend / Div Yld	<b>\$4.56 / 4.4%</b>
Industry	<b><a href="#">Retail - Discount Stores</a></b>
Zacks Industry Rank	<b>Top 18% (43 out of 244)</b>

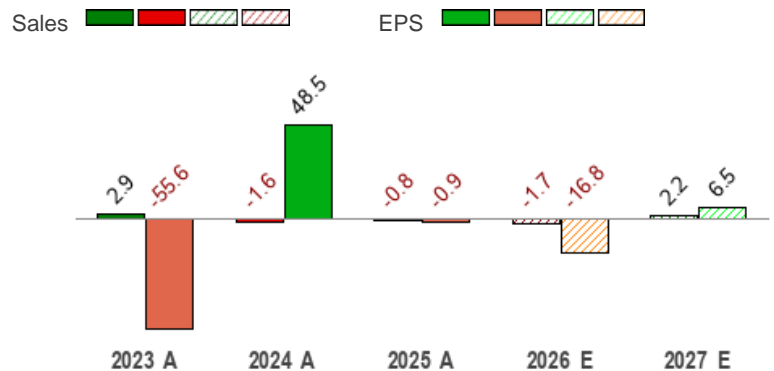
Last EPS Surprise	<b>1.1%</b>
Last Sales Surprise	<b>-0.4%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>03/03/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>13.8</b>
P/E F1	<b>14.4</b>
PEG F1	<b>-2.5</b>
P/S TTM	<b>0.5</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



### Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	24,385 E	25,666 E	25,874 E	31,183 E	107,108 E
2026	23,846 A	25,211 A	25,270 A	30,442 E	104,769 E
2025	24,531 A	25,452 A	25,668 A	30,915 A	106,566 A

### EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	1.48 E	2.31 E	1.79 E	2.27 E	7.85 E
2026	1.30 A	2.05 A	1.78 A	2.24 E	7.37 E
2025	2.03 A	2.57 A	1.85 A	2.41 A	8.86 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/08/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 01/07/2026.

## Overview

Target Corporation has evolved from just being a pure brick-&-mortar retailer to an omni-channel entity. The company has been making investment in technologies, improving websites and mobile apps and modernizing supply chain to keep pace with the changing retail landscape and better compete with pure e-commerce players. Its acquisition of Shipt to provide same-day delivery of groceries, essentials, home, electronics as well as other products is worth noting.

Founded in 1902, Target provides an array of goods ranging from household essentials and electronics to toys and apparel for men, women and kids. It also houses food and pet supplies, home furnishings and décor, home improvement, automotive products, and seasonal merchandise.

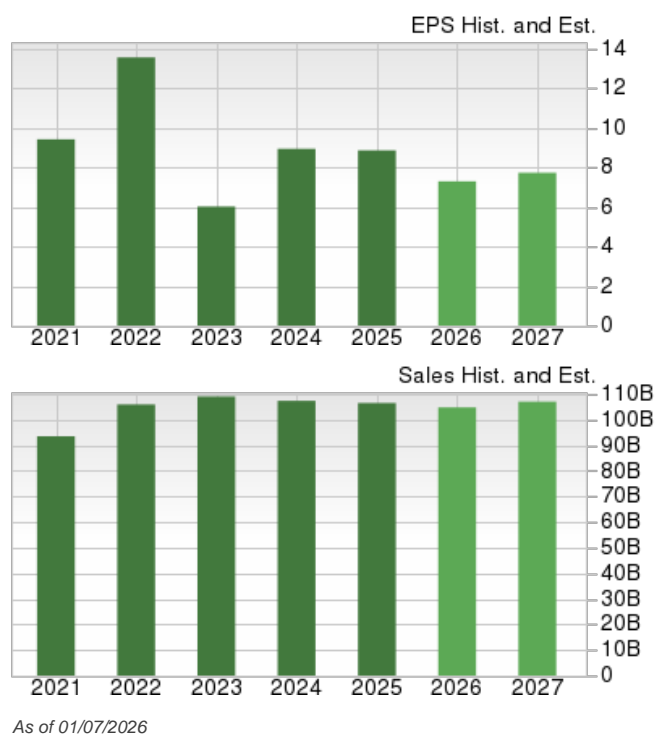
This Minneapolis, MN-based company sells merchandise through periodic exclusive design and creative partnerships, and shop-in-shop experiences, with partners such as Apple, Disney, Levi's and Ulta Beauty, and generate revenue from in-store amenities such as Target Café, Starbucks and Target Optical.

As of Nov. 1, 2025, Target operates nearly 1,995 stores. A greater number of general merchandise stores provides an edited food assortment, including perishables, dry grocery, dairy, and frozen items. The company's stores, which are larger than 170,000 square feet, offer a full line of food items comparable to traditional supermarkets.

Some of the company's Owned Brands includes: A New Day, Cat & Jack, Cloud Island, Made By Design, Opalhouse, Project 62, Ava & Viv, Smith & Hawken, Universal Thread and Wild Fable.

Some of the company's Exclusive Adult Beverage Brands includes: California Roots, Photograph, SunPop, Headliner, Jingle & Mingle, Rosé Bae, Wine Cube and others.

(Note: Zacks identifies fiscal years by the month in which the fiscal year ends, while TGT identifies their fiscal year by the calendar year in which it begins; so comparable figures for any given fiscal year, as published by TGT, will refer to this same fiscal year as being the year before the same year, as identified by Zacks)



## Reasons To Buy:

▲ **Synergistic Approach:** Target is leveraging its strong brand presence and diverse product portfolio, along with expanding e-commerce capabilities and a growing store footprint, to solidify its market position. By prioritizing innovation and integrating AI technology, the company has established a robust foundation. In the recent past, Target outlined a comprehensive strategy aimed at achieving more than \$15 billion in revenue growth by fiscal 2030. This includes expanding its third-party marketplace, Target Plus, with an ambitious goal of reaching \$5 billion in Gross Merchandise Volume. As a result, Target looks to attain mid-to-high single-digit annual EPS growth. Target's multiyear transformation, spanning merchant simplification, technology upgrades, and supply-chain improvements, is expected to deliver roughly \$180 million in annualized cost savings. We expect EPS to improve 6.5% and 7% in fiscal 2026 and 2027, respectively.

Target's accelerating digital ecosystem, marketplace expansion, shrink improvement, and high-margin non-merchandise streams, supported by advanced tech and AI, enhance profitability and omnichannel scale.

▲ **Digital Ecosystem Gaining Momentum:** Target has been directing resources toward expanding digital and omni-channel capabilities. The company has been ramping up its digital solutions and strengthening delivery capabilities to make shopping more seamless. Services like doorstep delivery, curbside pickup, or buy online and pick up at the store have been playing a crucial role in serving consumers better. Digitally originated merchandise accounted for 19.3% of merchandise sales in the third quarter of fiscal 2025, while comparable digital sales grew 2.4% year-over-year on top of 10.8% growth a year ago, driven by more than 35% growth in same-day services powered by Target Circle 360 and continued strength in Drive Up. Management highlighted that the Target Plus marketplace GMV expanded nearly 50%, and Roundel ad sales rose in the mid-teens. This combination of owned e-commerce, marketplace, and media assets positions Target as a scaled omnichannel platform rather than just a brick-and-mortar retailer.

▲ **Structural Margin Tailwinds from Shrink:** Shrink was an outsized earnings headwind in recent years, but that trend is now reversing. In the third quarter, lower inventory shrink contributed about 70 basis points toward gross margin, offsetting roughly a full percentage point of pressure from higher markdowns. Management expects shrink improvements to provide 80 to 90 basis points of gross-margin favorability for the fiscal year, effectively returning shrink to pre-pandemic levels. At the same time, supply-chain and digital-fulfillment efficiencies contributed about 20 basis points of margin benefit in the reported quarter. Better on-shelf availability for the most important SKUs reduces lost sales and reduces the need for clearance markdowns, which should support higher top-line capture and improved gross margin. We expect gross margin to improve 10 basis points in the fourth quarter.

▲ **Non-Merchandise Streams Scaling Rapidly:** Target's diversification into advertising (Roundel), membership, and marketplace commerce is accelerating and materially improving revenue mix quality. Non-merchandise revenue, largely Roundel retail media, marketplace, and credit card profit-sharing, grew 17.7% in the third quarter, far outpacing the core merchandise business. Advertising revenues alone increased to \$241 million from \$167 million in the prior year quarter, while credit card profit-sharing, though down slightly, remains a meaningful contributor. Target registered mid-teens Roundel growth in the quarter and emphasized retail media as a key pillar of margin expansion. These asset-light revenue streams carry very high incremental margins, helping offset markdown pressure and supporting the investment thesis that Target's earnings algorithm will become less dependent on traditional retail merchandising over time.

▲ **Tech & AI investments Deepening the Moat:** Management is deploying generative AI and advanced analytics across merchandising, marketing and operations, which should enhance both revenue and cost outcomes over time. Tools like Target Trend Brain and AI-enabled consumer insight dashboards give merchants real-time visibility into social trends and product performance, helping them forecast demand, identify emerging styles and accelerate speed to market. Synthetic audiences allow the marketing team to test campaigns and assortments virtually before launch, while ML-based inventory systems optimize flow from supplier to shelf. These initiatives have already driven a more than 150-basis-point improvement in on-shelf availability for the 5,000 top items, which account for roughly 30% of unit sales. Additionally, Target is experimenting with conversational commerce via partnerships with OpenAI, enabling personalized product curation and multi-item baskets directly from AI chat interfaces.

▲ **Store Modernization Boosts Productivity:** Target's network of stores remains the core of its unique "one-stop" value and convenience platform, and the third quarter highlights how brick-and-mortar stores are becoming an even more important strategic asset. TGT finished the quarter with 1,995 stores and approximately 250 million square feet of retail space, with management noting that the newest large-format stores are exceeding sales expectations. This success supports Target's plan to speed up remodels, update layouts, and refresh key discretionary categories such as Home, Beauty, and Baby. These investments are linked to Target's design-focused merchandising and experience strategy. Crucially, the store network also forms the foundation of Target's fulfillment system, with about 80% of the U.S. population covered by same-day delivery, 99% by two-day shipping, and over half by next-day delivery, with further expansion planned as market-based fulfillment is rolled out to 35 more markets.

▲ **Prudent Capital Allocation:** Target generated operating cash flow of \$3,485 million through the first nine months of the fiscal year, reflecting disciplined inventory management and shrinking working-capital pressure even as discretionary categories remained soft. Capex totaled \$2,842 million over the same period, consistent with the company's strategy to prioritize high-return projects such as remodels, larger-format stores, tech modernization, and expanded fulfillment coverage. Management reaffirmed full-year capex of roughly \$4 billion, and signaled a step-up to approximately \$5 billion in fiscal 2026, as the company prepares extensive category resets and store transformation initiatives. Despite this investment cycle, Target continues to return cash to shareholders, including \$518 million in dividends and \$152 million in buybacks. TGT ended the quarter with cash and cash equivalents of \$3,822 million.

## Reasons To Sell:

- ▼ **Pressure in Discretionary Categories:** Merchandise sales declined 1.9% to \$24,752 million in the third quarter of fiscal 2025. Overall net sales were down 1.5%, driven by a 2.7% decline in comparable sales, following a 1.9% drop in the preceding quarter. The decrease in comparable sales was primarily due to a 3.8% decline in comparable-store sales, underscoring continued weakness in store traffic and in discretionary categories. Traffic fell 2.2% during the quarter, while the average transaction amount slipped 0.5%. Apparel & accessories and Home furnishings & décor, two categories where Target traditionally generates higher average baskets and margins, remained under pressure, with revenues down 4.1% and 6.6%, respectively. Target expects a low-single-digit decline in both sales and comparable sales for the fourth quarter. We expect comparable sales to decline 2.8% in fiscal 2025.
- ▼ **Margin Vulnerability from Markdowns and Promotions:** Target's gross margin came under merchandising pressure in the third quarter, declining slightly to 28.2% from 28.3% last year, as increased markdowns, identified by management as a meaningful headwind, more than offset benefits from non-merchandise revenue growth and shrink improvement. Operating income consequently fell 18.9% year over year, and the risk remains that additional markdowns may be required if the company needs to defend traffic or clear discretionary inventory, which would further erode margin and weigh on operating leverage at a time when investment spending is rising. Compounding these challenges, the SG&A expense rate increased 60 basis points year over year to 21.9%.
- ▼ **Elevated Debt & Interest Expense Add Pressure:** Target's rising debt load is becoming a notable pressure point for investors. As of the third quarter, the company carried \$15,366 million in long-term debt and other borrowings, an increase from \$14,346 million a year earlier, reflecting higher leverage on its balance sheet. This uptick has also led to increased financing costs, with net interest expense climbing to \$115 million in the third quarter from \$105 million last year. Trailing-twelve-month after-tax ROIC has already fallen from 15.9% to 13.4% in the third quarter.
- ▼ **Dip in Consumer Confidence a Key Pressure Point:** Target continues to operate against a backdrop of unusually soft consumer confidence, a trend management highlighted through the quarter's uneven spending patterns and increased guest caution. With discretionary categories still under pressure, Target remains highly sensitive to macro factors such as higher interest rates, elevated fuel and energy costs, tighter credit availability and persistent household debt. These pressures are already contributing to volatile monthly sales rhythms and a more value-driven shopping mindset.
- ▼ **Competitive Retail Backdrop:** Target operates in a fiercely competitive environment dominated by value leaders like Walmart, Costco and major e-commerce platforms, which continue to amplify pricing pressure across the industry. With consumers prioritizing value, Target may be required to increase price investments or promotional activity to protect traffic and share, particularly in discretionary categories already under strain. At the same time, maintaining differentiation through design-led merchandising, marketing and an accelerated store remodel program demands ongoing capital and operating spend. If competitors sustain aggressive pricing or expand convenience advantages faster than Target, the company could face a difficult balance between defending share and protecting profitability, increasing the risk of margin compression in the near term.

Target faces declining discretionary sales, margin pressure from markdowns, higher SG&A, rising debt, and increased interest costs, straining profitability and outlook.

## Last Earnings Report

### Target Q3 Earnings Beat Estimates, Sales Decline Amid Soft Traffic

Target Corporation reported third-quarter fiscal 2025 results, with revenues and earnings declining from the prior-year period. While the top line missed the Zacks Consensus Estimate, the bottom line beat the same. Also, the company witnessed a decline in comparable sales, reflecting ongoing pressure in consumer discretionary categories. Despite the challenging environment, Target continued to show resilience in digital growth and non-merchandise revenue streams, aided by strength in membership, marketplace and Roundel advertising.

The company reaffirmed confidence in its holiday readiness. Strong execution of fulfillment options, expanded exclusive assortments and continued efficiency gains remain core to Target's multiyear transformation plan. Management reiterated its focus on strengthening merchandising authority, elevating the guest experience and accelerating technology-driven operational enhancements.

#### Target's Quarterly Performance: Key Metrics & Insights

Target reported adjusted earnings of \$1.78 per share, which beat the Zacks Consensus Estimate of \$1.76 but declined from \$1.85 reported in the year-ago period.

The big-box retailer generated total revenues of \$25,270 million, which fell short of the Zacks Consensus Estimate of \$25,360 million. The metric fell 1.5% on a year-over-year basis. We note that merchandise sales declined 1.9% to \$24,752 million, while non-merchandise sales grew 17.7%, fueled by strong growth in Roundel advertising, Target Circle 360 memberships and marketplace contributions.

Meanwhile, comparable sales decreased 2.7%, following a 1.9% decline in the preceding quarter. Comparable sales reflected a drop of 3.8% in comparable store sales but an increase of 2.4% in comparable digital sales. Digital momentum was led by more than 35% growth in same-day delivery via Target Circle 360.

Food & Beverage and Hardlines delivered positive comparable sales growth, while discretionary categories remained pressured as consumers continued to prioritize value and necessity. Traffic, or the number of transactions, dipped 2.2%, while the average transaction amount slid 0.5%.

Gross margin came in at 28.2%, down slightly from 28.3% reported last year, as increased markdowns and mix pressure were mostly offset by lower inventory shrink, higher advertising revenues, and operational efficiencies in supply chain and digital fulfillment. The adjusted operating margin rate was 4.4%, down 20 basis points from the year-ago quarter, and came in line with our estimate.

#### Target's Financial Health Snapshot

Target ended the quarter with cash and cash equivalents of \$3,822 million, long-term debt and other borrowings of \$15,366 million, and shareholders' investment of \$15,501 million. During the quarter, Target paid out dividends of \$518 million.

The company repurchased \$152 million worth of shares, retiring 1.7 million shares at an average price of \$91.59. Target still has approximately \$8.3 billion remaining under its August 2021 share repurchase authorization.

#### A Sneak Peek Into TGT's FY25 Outlook

Target reaffirmed its fourth-quarter sales outlook. It continues to expect a low-single-digit decline in sales. Adjusted earnings are projected in the band of \$7.00-\$8.00 per share (versus the prior estimate of \$7.00-\$9.00), while GAAP earnings per share are anticipated in the range of \$7.70-\$8.70.

Target's efforts to improve speed, relevance and value for guests, through thousands of new exclusive items, expanded next-day shipping reach, aggressive price investments on essentials, and strong gift-oriented assortments, are expected to support traffic recovery as macro pressures gradually ease.

**FY Quarter Ending** **1/31/2025**

Earnings Reporting Date	Nov 19, 2025
Sales Surprise	-0.35%
EPS Surprise	1.14%
Quarterly EPS	1.78
Annual EPS (TTM)	7.54

## Valuation

Target's shares are down 2.2% in the past six-month period and nearly 24.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail Wholesale sector are up 2.5% and 4%, respectively, in the past six-month period. Over the past year, the Zacks sub-industry and the sector are up 5.6% and 6.9%, respectively.

The S&P 500 index is up 13.8% in the past six-month period and 18.8% in the past year.

The stock is currently trading at 13.54X forward 12-month earnings, which compares to 29.93X for the Zacks sub-industry, 24.67X for the Zacks sector and 23.25X for the S&P 500 index.

Over the past five years, the stock has traded as high as 32.60X and as low as 9.53X, with a 5-year median of 15.20X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$111 price target reflects 14.35X forward 12-month earnings.

The table below shows summary valuation data for TGT

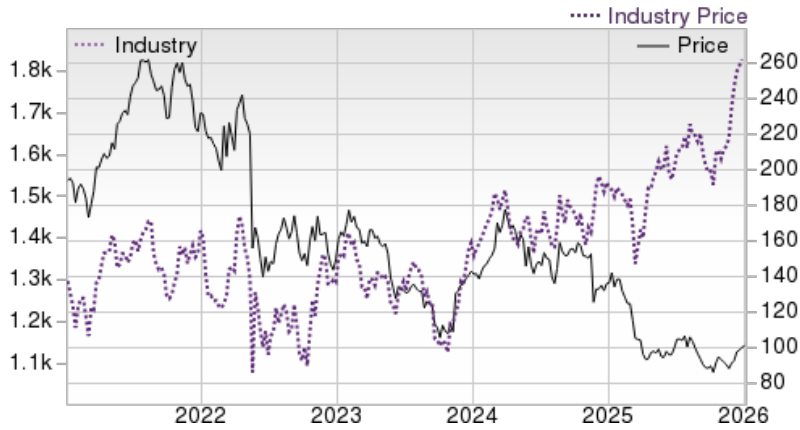
Valuation Multiples - TGT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.54	29.93	24.67	23.25
	5-Year High	32.60	33.77	34.40	23.8
	5-Year Low	9.53	21.19	21.48	15.74
	5-Year Median	15.20	25.39	24.73	21.21
P/S F12M	Current	0.44	1.69	1.69	5.63
	5-Year High	1.27	1.88	2.05	5.63
	5-Year Low	0.36	1.28	1.20	3.82
	5-Year Median	0.64	1.61	1.53	5.04
EV/EBITDA TTM	Current	7.51	24.37	13.38	18.80
	5-Year High	14.81	31.23	26.94	22.34
	5-Year Low	6.07	15.88	11.24	13.86
	5-Year Median	9.97	23.18	14.40	17.93

As of 01/06/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 18% (43 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Costco Wholesale Cor...(COST)	Outperform	3
Dollar General Corpo...(DG)	Outperform	3
Burlington Stores, I...(BURL)	Neutral	3
Dollar Tree, Inc. (DLTR)	Neutral	2
Ross Stores, Inc. (ROST)	Neutral	2
The TJX Companies, I...(TJX)	Neutral	3
Tractor Supply Compa...(TSCO)	Neutral	4
Walmart Inc. (WMT)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Retail - Discount Stores

	TGT	X Industry	S&P 500	COST	DG	WMT
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	B	A	B
Market Cap	46.94 B	31.59 B	40.07 B	391.75 B	31.59 B	898.40 B
# of Analysts	12	7	22	10	23	12
Dividend Yield	4.40%	0.59%	1.38%	0.59%	1.64%	0.83%
Value Score	B	-	-	D	B	C
Cash/Price	0.08	0.04	0.04	0.05	0.04	0.01
EV/EBITDA	6.76	16.41	14.89	28.38	13.21	22.09
PEG Ratio	-2.40	3.46	2.04	5.29	2.61	5.20
Price/Book (P/B)	3.03	9.01	3.41	12.93	3.86	8.79
Price/Cash Flow (P/CF)	6.72	19.88	15.44	37.54	13.87	27.26
P/E (F1)	14.07	28.98	18.58	43.92	22.19	42.83
Price/Sales (P/S)	0.45	1.39	3.06	1.40	0.75	1.28
Earnings Yield	7.03%	3.45%	5.38%	2.28%	4.51%	2.33%
Debt/Equity	0.99	0.41	0.57	0.19	0.63	0.39
Cash Flow (\$/share)	15.43	7.69	8.98	23.51	10.35	4.13
Growth Score	D	-	-	A	A	B
Hist. EPS Growth (3-5 yrs)	-8.19%	10.69%	8.24%	13.04%	-13.47%	6.30%
Proj. EPS Growth (F1/F0)	-16.82%	11.41%	9.21%	11.67%	9.29%	4.78%
Curr. Cash Flow Growth	1.92%	10.62%	7.00%	10.86%	-9.36%	11.38%
Hist. Cash Flow Growth (3-5 yrs)	3.69%	4.58%	7.49%	13.36%	0.30%	5.75%
Current Ratio	0.97	1.13	1.19	1.04	1.17	0.80
Debt/Capital	49.78%	27.56%	38.14%	15.75%	38.48%	28.46%
Net Margin	3.58%	3.31%	12.77%	2.96%	3.03%	3.26%
Return on Equity	22.74%	29.79%	17.03%	29.35%	18.59%	21.31%
Sales/Assets	1.82	1.64	0.53	3.63	1.34	2.60
Proj. Sales Growth (F1/F0)	-1.70%	5.55%	5.29%	7.50%	4.80%	4.50%
Momentum Score	D	-	-	C	D	B
Daily Price Chg	-0.60%	-0.59%	-0.34%	-0.73%	-0.82%	-1.42%
1 Week Price Chg	0.96%	0.00%	1.10%	-2.16%	-0.74%	0.91%
4 Week Price Chg	9.56%	2.84%	0.50%	0.93%	14.00%	-0.41%
12 Week Price Chg	14.04%	11.05%	3.75%	-7.58%	34.98%	3.38%
52 Week Price Chg	-25.00%	20.93%	16.94%	-4.83%	100.38%	22.79%
20 Day Average Volume	6,479,057	2,610,198	2,431,070	2,719,076	3,266,919	17,001,460
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.57%	0.01%	0.00%
(F1) EPS Est 12 week change	-1.71%	2.25%	0.44%	0.52%	5.63%	1.10%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.38%	1.15%	0.00%

## Analyst Earnings Model<sup>(2)</sup>

### Target Corporation (TGT)

In \$MM, except per share data

	2021A	2022A	2023A	2024A	2025A	2026E				2027E					2028E
	FY	FY	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY
FY Ends January 31st	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25	30-Apr-25	31-Jul-25	31-Oct-25	31-Jan-26	Jan-26	30-Apr-26	31-Jul-26	31-Oct-26	31-Jan-27	Jan-27
Income Statement															
Net Sales	\$93,561.0	\$106,005.0	\$109,120.0	\$107,412.0	\$106,566.0	\$23,846.0	\$25,211.0	\$25,270.0	\$30,442.3	\$104,769.3	\$24,385.3	\$25,665.8	\$25,874.4	\$31,182.7	\$107,108.3
Cost of Sales	\$66,177.0	\$74,963.0	\$82,306.0	\$77,828.0	\$76,502.0	\$17,128.0	\$17,903.0	\$18,137.0	\$22,422.9	\$75,590.9	\$17,466.6	\$18,174.7	\$18,519.1	\$22,905.9	\$77,066.2
Gross Profit	\$27,384.0	\$31,042.0	\$26,814.0	\$29,584.0	\$30,064.0	\$6,718.0	\$7,308.0	\$7,133.0	\$8,019.4	\$29,178.4	\$6,918.7	\$7,491.2	\$7,355.4	\$8,276.8	\$30,042.0
Selling, General & Administrative Expenses	\$18,615.0	\$19,752.0	\$20,581.0	\$21,462.0	\$21,969.0	\$4,591.0	\$5,359.0	\$5,536.0	\$5,950.9	\$21,436.9	\$5,304.5	\$5,378.7	\$5,562.3	\$6,204.7	\$22,450.2
Depreciation & Amortization (Exclusive Of Depreciation Included in Cost Of Sales)	\$2,230.0	\$2,344.0	\$2,385.0	\$2,415.0	\$2,529.0	\$655.0	\$632.0	\$649.0	\$651.9	\$2,587.9	\$653.6	\$655.4	\$657.2	\$659.0	\$2,625.0
EBIT	\$6,523.0	\$9,328.0	\$3,896.0	\$5,799.0	\$5,672.0	\$1,498.0	\$1,334.0	\$974.0	\$1,445.1	\$5,251.1	\$987.3	\$1,474.4	\$1,162.5	\$1,442.3	\$5,066.5
EBITDA	\$9,008.0	\$11,970.0	\$6,596.0	\$8,600.0	\$8,653.0	\$2,285.0	\$2,104.0	\$1,747.0	\$2,221.6	\$8,357.6	\$1,765.7	\$2,255.0	\$1,945.2	\$2,227.2	\$8,193.1
Depreciation & Amortization	\$2,485.0	\$2,642.0	\$2,700.0	\$2,801.0	\$2,981.0	\$787.0	\$770.0	\$773.0	\$776.5	\$3,106.5	\$778.4	\$780.6	\$782.7	\$784.9	\$3,126.6
Operating Income	\$6,539.0	\$8,946.0	\$3,848.0	\$5,707.0	\$5,566.0	\$1,472.0	\$1,317.0	\$948.0	\$1,416.6	\$5,153.6	\$960.7	\$1,467.1	\$1,135.9	\$1,413.1	\$4,966.8
Net Interest Expense	\$977.0	\$421.0	\$478.0	\$502.0	\$411.0	\$116.0	\$116.0	\$115.0	\$116.0	\$463.0	\$118.6	\$118.1	\$117.8	\$118.8	\$473.3
Net Other (Income) Expense	\$16.0	(\$382.0)	(\$48.0)	(\$92.0)	(\$106.0)	(\$26.0)	(\$17.0)	(\$26.0)	(\$28.6)	(\$97.6)	(\$26.6)	(\$17.3)	(\$26.6)	(\$29.3)	(\$99.8)
Pre-Tax Income	\$5,546.0	\$8,907.0	\$3,418.0	\$5,297.0	\$5,261.0	\$1,382.0	\$1,218.0	\$859.0	\$1,329.1	\$4,788.1	\$868.6	\$1,356.3	\$1,044.7	\$1,323.5	\$4,593.2
Income Tax	\$1,178.0	\$1,961.0	\$638.0	\$1,159.0	\$1,170.0	\$346.0	\$283.0	\$170.0	\$312.3	\$1,111.3	\$199.8	\$312.0	\$240.3	\$304.4	\$1,056.4
Tax Rate	21.2%	22.0%	18.7%	21.9%	22.2%	25.0%	23.2%	19.8%	23.5%	23.2%	23.0%	23.0%	23.0%	23.0%	23.0%
Net Income, Adjusted	\$4,764.4	\$6,684.4	\$2,795.5	\$4,138.0	\$4,091.0	\$595.0	\$935.0	\$809.0	\$1,016.8	\$3,355.8	\$668.9	\$1,044.4	\$804.5	\$1,019.1	\$3,536.8
Net Income, GAAP	\$4,368.0	\$6,946.0	\$2,780.0	\$4,138.0	\$4,091.0	\$1,036.0	\$935.0	\$689.0	\$1,016.8	\$3,676.8	\$668.9	\$1,044.4	\$804.5	\$1,019.1	\$3,536.8
Diluted Shares Outstanding	505.4	492.7	464.7	462.8	461.8	456.5	455.6	455.1	453.9	455.3	452.7	451.5	450.3	449.1	450.9
Diluted EPS, Adjusted	\$9.42	\$13.56	\$6.02	\$8.94	\$8.86	\$1.30	\$2.05	\$1.78	\$2.24	\$7.37	\$1.48	\$2.31	\$1.79	\$2.27	\$7.85
Diluted EPS, GAAP	\$8.64	\$14.10	\$5.98	\$8.94	\$8.86	\$2.27	\$2.05	\$1.51	\$2.24	\$8.07	\$1.48	\$2.31	\$1.79	\$2.27	\$7.85
Dividend Per Share	\$2.68	\$3.16	\$4.14	\$4.38	\$4.46	\$1.12	\$1.12	\$1.14	\$1.14	\$4.52	\$1.14	\$1.14	\$1.16	\$1.16	\$4.60



## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

## Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

## Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

## Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>B</b>
Growth Score	<b>D</b>
Momentum Score	<b>D</b>
VGM Score	<b>C</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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